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# **News Release**

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## **2 plead guilty to filing a false tax return**

Two employees of Kraus Anderson, a construction corporation doing business in Minnesota, each pleaded guilty today in federal court to one count of filing a false tax return.

On May 8 in St. Paul, Scott Allen Crawford, 46, Blaine, and Gary Robert Hook, 60, Woodbury, each entered their pleas before United States District Court Judge Paul Magnuson. Both were charged on April 18.

According to their respective plea agreements, while both were employed at Kraus Anderson from 2002 through 2007 they contracted with a landscaping company and other businesses to provide services for their personal residences. On many occasions, both did not pay for these services, and at times, caused Kraus Anderson to pay for these personal services. On other occasions, the contractors would provide the services at no cost to Crawford and Hook.

Both Crawford and Hook acknowledge that the value of the services provided at no cost is income for the purposes of federal income taxation, and both men failed to report the value of the services on their individual income tax returns. On April 16, 2007, Hook filed a false 2006 income tax return with the Internal Revenue Service which did not include as income the value of the services. Crawford filed a similar false tax return on Feb. 13, 2007.

Both Crawford and Hook face a potential maximum penalty of three years in prison. Judge Magnuson will determine their sentences at a future date.

This case is the result of an investigation by the IRS-Criminal Investigation Division, and is being prosecuted by Assistant U.S. Attorney John R. Marti.